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# China CITIC Bank London Branch

## Asset and Liability Committee Terms of Reference



**中信銀行**  
CHINA CITIC BANK

倫敦分行  
LONDON BRANCH

**Document Control**

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1.0	Branch Preparatory Team	ManCo	24/10/18	Formal approval of the draft version submitted to the PRA on 29 June 2018; no change was made.
1.1	Ling Hearne		24/07/19	House-keeping and maintaining consistency with RBP and relevant approved policies.
2.0	Colin Marshall	ALCO	23/01/20	Changed ALCO Frequency to quarterly and reclassified Executive Assistant as the secretary not a member.

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## Glossary of Terms

<b>ALCo</b>	Assets and Liability Committee
<b>AML</b>	Anti-Money Laundering
<b>ARCo</b>	Audit and Risk Committee
<b>CCO</b>	Chief Compliance Officer
<b>CNCB</b>	China CITIC Bank
<b>CNCBLB</b>	China CITIC Bank London Branch
<b>CRO</b>	Chief Risk Officer
<b>FCA</b>	Financial Conduct Authority
<b>HO</b>	Head Office
<b>KPIs</b>	Key Performance Indicator
<b>KRIs</b>	Key Risk Indicator
<b>ManCo</b>	Management Committee
<b>MI</b>	Management Information
<b>MLRO</b>	Money Laundering Reporting Officer
<b>PRA</b>	Prudential Regulation Authority
<b>RMF</b>	Risk Management Framework
<b>the Bank</b>	China CITIC Bank
<b>the Branch</b>	China CITIC Bank London Branch
<b>The regulators</b>	The Prudential Regulation Authority (“PRA”) and the Financial Conduct Authority (“FCA”)
<b>VP</b>	Vice President

## 1 Introduction

This document sets out the Terms of Reference (“ToR”) for the Asset and Liability Committee (“ALCo”, or the “Committee”) for China CITIC Bank London Branch (“CNCBLB” and / or “the Branch”).

## 2 Objectives

The objectives of this document are to:

- Define the authority of the ALCo;
- Outline the roles and responsibilities of the ALCo and its members; and
- Outline the structure and governance in respect of the operation of the ALCo.

All members of the Committee are required to familiarise themselves with this document and make reference to it as a comprehensive guide to the Committee’s function and authority.

## 3 Ownership

The ‘chain’ of ownership for the ToR is set out below:

<b>Document Owner</b>	The Head of Finance and Accounting is responsible for the maintenance of the ToR and for reviewing its adequacy on an annual basis or more frequently as required.
<b>Approval</b>	<p>The Management Committee (“ManCo”) is responsible for the review and challenge of the ToR before approving it for implementation by the ALCo.</p> <p>The ToR must be reviewed and reapproved at least annually or more frequently as required.</p>
<b>Applicability</b>	All members of this Committee must perform their role in accordance with regulatory expectations and the specific provisions set out in the ToR.

## 4 Authority

The ALCo derives its delegated its authority from ManCo and is constituted as a sub-committee of the ManCo specifically to support ManCo to discharge its responsibilities.

## 5 Risk of Non Compliance

There are several commercial and internal risks that may arise from failure to adhere to the ALCo ToR. These risks centre on decision making and the management of inherent and residual risks considered by the Committee.

Failure to adhere to the ToR could also lead to business opportunities being lost due to an unnecessarily long decision making process through the Branch, or to inappropriate levels or types of risks being accepted by the Branch through insufficient consideration / inadequate risk management / governance arrangements.

Ultimately the Branch must be able to demonstrate adherence to applicable Rules and Regulations in the UK in respect of corporate governance. Adherence to the requirements in the ToR are mandatory both for all members of ALCo as well as any other person affected directly or indirectly through interaction with the Branch's governance framework of which the ToR is a component part.

## 6 Roles and Responsibilities

The ALCo is responsible for overseeing the implementation of Liquidity Risk management arrangements (see also the Liquidity Risk Management Policy) and for asset and liability management more generally.

Any issues identified by ALCo or matters requiring decisions to be made outside the authority of this ToR will be escalated to the ManCo (in the first instance) and to HO through the ManCo as appropriate.

### 6.1 The key responsibilities of the ALCo:

- Establish, propose and oversee the assets and liabilities management strategies of the Branch;
- Guide, oversee and review the Branch's Liquidity Risk Management Policy, and recommend policy amendments to ManCo for final approval;
- Review earning exposure as well as Asset and Liability risks arising from the business undertaken by the Branch and the shape of the balance sheet;
- Recommend to the Audit and Risk Committee ("ARCo") relevant limits, management review trigger limits, control ratios and guidelines in accordance with the Branch Risk Appetite Statement ("RAS") as applicable to Liquidity Risk and asset and liability management more generally (including in respect of Market Risk as defined in the Market Risk Management Policy);

- Recommend the strategies, organisation, method of analysis and system support for the management of the assets and liabilities of the Branch;
- Review periodically the liquidity profile of the balance sheet;
- Assess periodically the Branch's overall ability to meet liabilities as they fall due;
- Define and recommended to ManCo the Branch's funding strategies in respect of deposit taking and debt issuance;
- Review and recommend any changes to management information ("MI") and metrics used for the measurement of asset and liability performance;
- Oversee and challenge performance of budget against actual financial returns, and
- Consider Treasury Dealer Mandates and recommend to ManCo for approval.

## **6.2 Key responsibilities for ALCo members**

All matters considered by the Committee must be discussed and challenged openly and constructively on the basis of active and informed participation by the Committee's members.

The Chairman will conclude and confirm the outcomes or decisions in respect of each item considered by the Committee.

Notwithstanding the collective responsibility of the ALCo, individual members particularly those also performing a Senior Management Function ("SMF") under the Senior Management and Certification Regime ("SMCR") may be allocated specific additional prescribed responsibilities, as detailed in the Branch's Management Responsibilities Map ("MRM") and the individual Senior Manager's Statement of Responsibilities.

SMFs are personally accountable for the effective performance of any allocated prescribed responsibilities in the first instance and are required to act in accordance with the Conduct Rules, as set out in the FCA Handbook ("COCON").

## **7 Committee Composition; Committee Secretary; Others**

The members of ALCo are:

- Head of Finance and Accounting (Chair)
- President ;
- Vice President ("VP", [Acting Chair]);
- Chief Risk Officer ("CRO");
- Head of Financial Markets; and

- Head of Business Development.

All members of the committee have the right to vote. If the Committee Chairman is unable to attend the [the VP] will assume the role of Acting Chairman.

At the beginning of each financial year, a committee secretary (the “Committee Secretary”, or the “Secretary”) will be appointed by the Chairman. There is no limit to the number of periods an individual can serve as the Committee Secretary. The Secretary does not have the right to vote on matters considered by the Committee.

The ALCo can request the attendance of any member of staff regardless of seniority and employment status.

## **8 Meeting Frequency**

The ALCo will meet, as a minimum, on a quarterly basis or more frequently as required. However, if necessary, any member of the Committee may call for an extraordinary meeting with the prior approval of the Chairman.

Ahead of each meeting, members of the Committee shall receive an information pack from the Committee Secretary containing the agenda and relevant papers to facilitate discussions no less than five working days before the meeting is due to take place. This is to allow sufficient time for committee members to review the documentation.

## **9 Quorum**

A minimum of four Committee members must be present including at least one of the Chairman or Acting Chairman for quorum to be achieved. Absence of the Chairman should be kept to an absolute minimum.

## **10 Decision-Making**

A majority vote is required for all decisions, with the Chairman’s decision being final should a split vote arise. In the case of meetings not attended by the Chairman the Acting Chairman will have the deciding vote.



## **11 Meeting Minutes**

All meeting will be formally minuted by the Committee Secretary with minutes from the last meeting approved at the beginning of the next meeting. The minutes as a minimum must capture key discussions, actions agreed and any decision made including in respect of recommendations made to ManCo.

Furthermore, the minutes will capture the names of those in attendance and absent. In the Chairman's absence, the Acting Chairman will be identified in the minutes. Draft minutes will be submitted to the Chairman within three working days of the meeting for his approval before circulated to the Committee's members.

As determined by the Committee's members, physical meetings may not always be held and decisions may alternatively be formulated and circulated by email. Relevant email chains must be retained and attached to the minutes as evidence of decisions made

## **12 Conflicts of Interest**

Where a member or attendee's ability to act in accordance with the ToR is jeopardised by a conflict of interest, whether actual or perceived, that member or attendee must act in accordance with the Branch's Conflict of Interest Policy.

In the context of the business of this committee the existence of such conflicts must be declared at the start of any given meeting potentially affected, additionally the member is required to exclude themselves from any decision making impacted by the conflict, whether actual or perceived.